

**WARNING LETTER
AND
NOTICE OF AMENDMENT**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 4, 1996

Mr. Hugh Sangster
Vice President & General Manager
Lakehead Pipe Line Company, Inc.
Suite 400, Lake Superior Place
21 W. Superior St.
Duluth, MN 55802

CPF No. 36506

Dear Mr. Sangster:

From August 8, 1995 through October 17, 1995, and from March 16-20, 1996, a representative of the Minnesota Office of Pipeline Safety (MnOPS), acting as an agent for interstate pipelines for the Central Region, Office of Pipeline Safety (OPS), and from August 8, 1995 through May 16, 1996, a representative of the Central Region (OPS), pursuant to Chapter 601 of 49 United States Code, conducted onsite pipeline safety inspections of your pipeline facilities in Minnesota (MnOPS), North Dakota, Wisconsin, Michigan, Illinois, and Indiana. Records were checked at Bemidji, MN (MnOPS & OPS), Escanaba, MI, Ft. Atkinson, WI, Griffith, IN, and Bay City, MI.

As a result of the inspection, it appears that you have committed probable violations, as noted below, of pipeline safety regulations, Title 49, Code of Federal Regulations, Part 195. The items inspected and the probable violations are:

1. § 195.222 Welders: Qualification of Welders

§ 195.222 requires that each welder must be qualified in accordance with Section 3 of API Standard 1104 or Section IX of the ASME Boiler and Pressure Vessel Code.

As part of the 1995 inspections, it was noted welders were being qualified for a multiple qualification test as outlined in Section 3.3 of API 1104 and under § 195.222 by

welding a butt weld on 18" pipe and performing a branch weld by fillet welding a 12 3/4" diameter pipe onto 18" diameter pipe (also called a nozzle weld). Lakehead has supplied documents that indicate that Lakehead performs multiple qualifications of welders in accordance with API 1104, Section 3. During the 1996 inspection, it was noted that Lakehead had correctly performed the multiple qualification tests for welders by welding a butt weld on 18" pipe and performing a branch weld by fillet welding a 12 3/4" diameter pipe onto 12 3/4" diameter pipe.

2. § 195.402 Procedural manual for operations, maintenance, and emergencies.

§ 195.402(a) Requires each operator to prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies;

- A) § 195.442(a) requires that after September 20, 1995, each operator shall have a written damage prevention program to prevent damage to pipeline facilities due to excavation activities.**

During the 1996 inspection, it was noted that Lakehead did not have a specific written program for damage prevention. Although, many of the requirements for a damage prevention program were included in other areas of Lakehead's Operations & Maintenance Manuals.

- B) § 195.418(a) requires that each operator must investigate the corrosive effect of the hazardous liquid being transported on the system and take adequate steps to mitigate corrosion. § 195.418(b) requires that if corrosion inhibitors are used to mitigate internal corrosion, then coupons or other monitoring equipment are required to determine the effectiveness of the inhibitors or the extent of any corrosion.**

Lakehead's written procedures for internal corrosion, per § 195.418, did not contain adequate procedures for investigating the corrosive effect of hazardous liquids on portions of Lakehead's pipeline system nor did the procedures provide for taking adequate steps to mitigate corrosion on portions of Lakehead's pipeline. At the time of the inspections, Lakehead did not include in its manuals a description of the Beta Foil

technology which Lakehead uses to monitor the performance of its inhibitors. Lakehead's procedures also did not specify those portions of its pipeline system where inhibitors and associated monitoring equipment are located.

It has been noted by the MnOPS inspectors that Lines 1, 2, 3 and 4 in Minnesota have shown indications of internal corrosion from internal inspection tool results and excavations. Lakehead has communicated with MnOPS to develop an inhibitor program and Beta Foil monitoring program for a portion of Line 3. During the 1996 inspection, Lakehead indicated that inhibitors and Beta Foil technology will also be used in portions of Line 5 in Michigan.

3. § 195.410 Line Markers

§ 195.410(a)(1) requires that markers must be located at each public road crossing, at each railroad crossing, and sufficient number along the remainder of each buried line so that its location is accurately known. § 195.410(c) requires that each operator shall provide line marking at locations where the line is above ground in areas that are accessible to the public.

It was noted both in North Dakota and in Minnesota at several road crossings and other areas that line markers were missing or lying on the ground. The MnOPS noted that one area of 48-inch looped pipeline located upstream of Deer River and located downstream of Six Mile Lake Road were exposed in areas where erosion may have occurred. None of the areas where exposed sections of pipe were located were identified with line markers.

Under 49 United States Code § 60122, you are subject to a civil penalty not to exceed \$25,000 for each violation for each day the violation persists up to a maximum of \$500,000 for any related series of violations.

We have reviewed the circumstances and supporting documents involved for the violations numbered 1 and 3 in this case, and have decided not to assess you a civil penalty. We advise you, however, that should you not correct the circumstances leading to the violations, we will take enforcement action when and if the continued violations come to our attention.

In regard to items numbered 2A and 2B, relating to deficiencies in your written procedures for operations, maintenance, and emergencies, the Office of Pipeline Safety is issuing to you a Notice of Amendment requiring that your procedures be amended to comply with the requirements of the regulations referenced.

When it is found that an operator's procedures are inadequate, 49 C.F.R. § 190.237 provides that the operator, after notice and opportunity for hearing may be required to amend its plans and procedures. This letter serves to provide you with notice of the inadequate procedures and the response options as prescribed under § 190.237. The operator is allowed thirty (30) days after receipt of such notice to submit written comments or request a hearing. After considering the material presented, the Office of Pipeline Safety is required to notify the operator of the required amendment or withdraw the notice proposing the amendment. If you do not desire to contest the notice, please provide the revised procedures within thirty (30) days of receipt of this notice.

Sincerely,

Ivan A. Huntoon
Director, Central Region
Office of Pipeline Safety